



# California Public Utilities Commission

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## News Release

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### **CALIFORNIA SUPREME COURT AFFIRMS AUTHORITY OF PUC TO SET RATES FOR ELECTRIC UTILITIES**

SAN FRANCISCO, August 21, 2003 -- The California Supreme Court today issued a decision upholding the authority of the California Public Utilities Commission (PUC) to set rates for Southern California Edison Company (Edison) and other electric utilities.

At issue was the settlement of Edison's filed rate doctrine lawsuit against the PUC. The October 2001 settlement between the PUC and Edison was designed to resolve a federal district court lawsuit filed against the PUC by Edison, to avert a possible bankruptcy filing by Edison, and to enable Edison to regain its financial health and resume electricity procurement for its customers by permitting Edison to recover in its rates previously unrecovered costs. The Supreme Court rejected The Utility Reform Network's (TURN) argument that state law (*i.e.*, AB 1890) precluded the PUC from permitting the electric utilities to recover in their rates all of their costs incurred during a transition period when the electric industry was being restructured.

In upholding the PUC's general authority to provide for recovery of costs associated with Edison's electric service, the California Supreme Court found that there were not procedural deficiencies in the manner in which the PUC entered into the settlement because the settlement did not change Edison's rates.

"We are pleased that the Supreme Court affirmed the constitutional authority of the PUC to set rates for electric utilities and to enter into the settlement with Edison," said Michael R. Peevey, president of the PUC. "The settlement has restored Edison's financial health and has resulted in lower rates for Edison's ratepayers beginning this month."

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